



Renewable Energy Massachusetts LLC

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Renewable Energy Massachusetts LLC (REM) is pleased to share the following comments on the DOER's draft S-REC regulations promulgated under 225 CMR 14.01.

1. The New 6MW Cap. REM supports the proposed change of 225 CMR section 14.05(4) to expressly authorize S-REC eligibility for units of up to 6MW of solar generation at any one contiguous site. Since these regulations are designed to stimulate expedited solar generation development in Massachusetts, the revision should be flexible and readily adapted to different development situations. Therefore, in the interest of development flexibility and eliminating concerns about policy intent, we would encourage inclusion of the following proposed revision to section 14.05(4) as underscored below:

“The maximum capacity of a Unit shall be 6 MW, as measured on a nameplate capacity basis in direct current and shall be determined based on the total capacity located on a single contiguous parcel of land, whether such parcel of land is comprised of one or more separate adjoining legal lots and whether such parcel is owned by one or more persons.”

2. Program Term. In the interest of clearly communicating the program's term and durability, and thereby expediting the financing of new solar generation projects in Massachusetts, REM reiterates its earlier suggested revision that the DOER make explicit in the S-REC regulations that the S-REC program will continue in effect at a minimum through the compliance year 2023. In light of the time it will take to build out 400MW of solar in this state, and given the sunset provisions that already exist in the draft S-REC regulations in relation to auction opt-in rights and other provisions, we understand a clear 2023 termination date would be consistent with the existing regulatory framework. We respectfully encourage that a clear, hard-wired minimum program completion date will make the program simple for all parties to understand and implement, all to the benefit of the solar development process. In short, banks and financing sources will respond positively to a predictable program term and, with greater certainty expressed, the Massachusetts solar market will build out expeditiously.
3. Preventing a 2010 ACP Penalty to the LSEs. In part due to the delays in finalizing the S-REC regulations, it is our understanding of the Massachusetts solar marketplace at this time that less than a full-year's 30MW of S-REC generating capacity will have been developed by year-end 2010. Consequently, unless the 2010 compliance obligation schedule is reconsidered, the Load Serving Entities will in all likelihood be subject to ACP penalties for 2010 through no fault of their own. Such a result would be caused instead by an insufficient S-REC supply. This result is, we believe, an undesirable beginning to the program and one that may undermine the program's objective of 400MW of solar generation.

To prevent a premature and unnecessary imposition of ACP payments, we believe that the DOER should reinterpret the existing regulatory framework to (a) permit any S-RECs generated in 2011 to be usable for compliance purposes in respect of either year 2010 or year 2011 and (b) delay the imposition of any ACP penalties in respect of the compliance year 2010 until after 2011. The rationale for this revision is that it would put S-REC revenues into contracts to fund projects in 2011, rather than subject utilities to ACP penalty payments. In terms of implementing such an interpretation of the program, we would note that because the S-REC compliance obligation for 2011 is already fixed by these regulations at 69 MW, it would appear that the 2011 compliance obligation will not be affected by the imposition or proposed deferral of a 2010 ACP penalty. We believe the better outcome is to avoid the ACP penalty in year 2010 and only impose it after 2011 when the market will have had a full year to develop solar projects and long-term S-REC purchase and sale contracts under a final set of S-REC regulations.

4. DOER Promote a Legislative and DPU Rulemaking Process to Raise the Net Metering Cap Above 1%. We are concerned that the S-REC program objective of 400MW of new generation will not be reached expeditiously unless the DPU's Net Metering cap is raised from its current, soon-to-expire limit equal to 1% of the LSEs' historical peak load. Given that solar, wind and other renewable generation sources equally qualify for net metering, we would encourage an expansion of the cap to 2% or, with a longer-term view of the RPS goals in Massachusetts, 3%. We call on the DOER to use its influence to encourage the legislature and the DPU to raise the net metering cap as soon as possible.

As is shown in the Appendix to this letter, NStar is already approaching its 1% cap of 50MW, with 20MW of net metering already interconnected as of July 1, 2010 and another 30MW presently undergoing the interconnection process. A similar trend is unfolding at National Grid and WMECO. By raising the net metering cap to 2% or 3% soon, approximately 110MW or 220MW of additional net metering project capacity would be made available for solar, wind and other renewable generation projects to secure. In the absence of such a net metering cap increase, S-REC supply will be constrained insofar as solar generation projects will either be (a) smaller size projects that can offer PPA-contracted, distributed generation on rooftops or other comparatively smaller host sites or (b) lower value wholesale energy developments that would be limited to selling their generation under rate class P-2 at a 2010 average sale price of approximately 6 cents/kWh. The latter projects will have a lower probability of completion compared to a net metering retail rate development. We would encourage the net metering cap legislative and rulemaking process be undertaken as soon as possible to signal the shift and allow near-future solar projects to be developed with reasonable confidence of the continued availability of net metering retail rates in Massachusetts for such projects.

Sincerely,



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Appendix

Representative Net Metering Cap Information on the NStar Webpage:

The following is historical information about NSTAR's electric system and key milestones.

- NSTAR's Highest Historical Peak Load: 4,958 megawatts (*August 2, 2006*)
- Net Metering Cap: 49.58 megawatts (*1 percent of highest historical peak load*)

Net Metering Totals (Through the end of July 2010)

- Projects Online: 16.9 megawatts
- Projects with Applications Submitted: 33.1 megawatts
- Total (both above): 50 megawatts

Source: http://www.nstar.com/business/rates_tariffs/interconnections/other.asp